

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 XMB-02 STR-07 TRSE-00  
COME-00 OMB-01 SP-02 CIAE-00 DODE-00 INR-10  
NSAE-00 PA-01 ICA-11 /065 W  
-----041441 311021Z /11

P 311009Z AUG 78  
FM AMEMBASSY TAIPEI  
TO SECSTATE WASHDC PRIORITY 8799  
INFO AMCONSUL HONG KONG  
AMEMBASSY PARIS  
AMEMBASSY SEOUL

C O N F I D E N T I A L TAIPEI 05866

E.O. 11652: GDS  
TAGS: EAIR, ETRD, TW  
SUBJECT: MCDONNELL-DOUGLAS/AIRBUS INDUSTRIE COMPETITION  
FOR SALES IN TAIWAN

REF: STATE 220738

1. TODAY I RAISED WITH PRIME MINISTER SUN QUESTION OF  
GROC AIRCRAFT PURCHASES. I RECALLED OUR PREVIOUS  
CONVERSATION WHEN HE HAD ASKED VICE MINISTER CHIEN TO  
CHECK INTO THE MATTER AND SAID THAT WE NOW HAD SOME  
COMMENTS TO MAKE ABOUT THE DC-10/A-300 RELATIVE MERITS;  
DCM BROWN WILL ASK FOR AN APPOINTMENT WITH CHIEN AND  
PRESENT OUR NEW INFORMATION IN DETAIL BUT I WANTED TO  
LET THE PREMIER KNOW THAT OUR INFORMATION SUGGESTS THAT  
ON ECONOMIC CONSIDERATIONS DC-10 IS MORE COMPETITIVE THAN  
AIRBUS PRODUCT.

2. I THEN WENT ON TO SAY THAT THERE WOULD BE CONSIDERABLE  
CONCERN IN WASHINGTON IF THE GROC DECISION ON THIS MATTER  
WERE TO BE INFLUENCED BY POLITICAL OR OTHER EXTRANEIOUS  
NON-COMMERCIAL CONSIDERATIONS. THE NEGATIVE REACTION TO  
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THIS WOULD BE HEIGHTENED BECAUSE OF THE CONTINUING AND  
EVEN MORE SERIOUS IMBALANCE IN TRADE. AT THIS POINT  
I PRESENTED THE PRIME MINISTER WITH SOME STATISTICS  
WHICH DEMONSTRATED THAT IN SPITE OF THOSE EFFORTS WHICH  
THE ROC HAS MADE TO CORRECT THE IMBALANCE, IT IS IN FACT  
EVEN GREATER THAN BEFORE ON THE BASIS OF STATISTICS FOR  
THE FIRST HALF OF 1978.

3. PREMIER SUN SAID THAT THERE HAS BEEN NO FINAL DECISION ON THE AIRCRAFT QUESTION AND HIS GOVERNMENT WOULD APPRECIATE RECEIVING WHATEVER COMPARATIVE PERFORMANCE STATISTICS WE COULD PROVIDE TO ASSIST IN THEIR DELIBERATIONS. HE SAID THAT THERE ARE NO POLITICAL FACTORS INVOLVED IN THE FRENCH DEAL BUT THAT HIS GOVERNMENT HAD TO GIVE FULL CONSIDERATION TO THE POSSIBILITY OF RECEIVING LANDING RIGHTS IN PARIS AND THE VERY CONSIDERABLE COMMERCIAL ADVANTAGE THIS ACCESS TO THE EUROPEAN SCENE COULD PROVIDE. HE SAID HE ALSO WAS CONCERNED AND HAS BEEN INVOLVED IN CONSULTATION AND STUDIES IN THE GROC TO FIND FURTHER MEANS OF TRYING TO CORRECT THE US-ROC TRADE IMBALANCE. HE OBSERVED THAT ONE FACTOR WHICH SHOULD BE TAKEN INTO ACCOUNT WAS THAT A NUMBER OF MAJOR PURCHASES (HE MENTIONED NUCLEAR POWER PLANTS SPECIFICALLY) HAVE BEEN PLACED NOW BUT THEY WILL NOT SHOW UP ON THE TRADE STATISTICS UNTIL SOME LATER YEAR.

4. I STATED AGAIN THAT WASHINGTON WAS DISTURBED BY THE INTRODUCTION OF EXTRANEEOUS FACTORS INTO THE AIRCRAFT PURCHASE CONSIDERATION, ESPECIALLY IN VIEW OF THE CONTINUING AND EVEN GROWING PROBLEM OF TRADE IMBALANCES AND I EXPRESSED CONCERN ABOUT THE ADVERSE REACTION WHICH I HAVE BEEN INFORMED COULD RESULT FROM A GROC DECISION TO BUY THE A-300.  
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5. DCM WILL FOLLOW UP WITH CONVERSATION WITH VICE MINISTER CHIEN AS MENTIONED ABOVE.

6. COMMENT: GROC OBVIOUSLY REGARDS THE ACQUISITION OF LANDING RIGHTS FOR CHINA AIRLINES IN PARIS AS A "COMMERCIAL FACTOR." OF COURSE IT IS SEEN BY THEM AS HAVING POLITICAL AND GENERAL ECONOMIC VALUE AS WELL, GIVEN THEIR INCREASING ISOLATION AND PARTICULAR DIFFICULTIES OF DOING BUSINESS IN EUROPE. IF DEPARTMENT INTENDS FOR US TO REFUTE A GROC ARGUMENT ON THE COMMERCIAL RELEVANCE OF LANDING RIGHTS, IT WOULD BE HELPFUL TO HAVE SOME SPECIFIC AMMUNITION ON THAT POINT ASAP. MOREOVER, IT WOULD BE HELPFUL TO HAVE DEPARTMENT'S COMMENTS ON (A) WHAT IS BASIS FOR OUR MAKING STRONG REPRESENTATIONS TO GROC ON THEIR POSSIBLE AIRBUS DEAL AND TAKING NO POSITION ON WHAT APPEARS TO HAVE BEEN A VERY SIMILAR SOUTH KOREAN-FRENCH DEAL; AND (B) WHAT FURTHER REPRESENTATIONS TO THE FRENCH GOVERNMENT ARE PLANNED, GIVEN THEIR APPARENT ACQUIESCENCE, AT LEAST, IN AN ARRANGEMENT (PRESUMABLY BETWEEN AIRBUS AND CAL) CONTRARY TO OUR COMMERCIAL PRINCIPLES AND -- IF THEIR OWN PRO-

TESTATIONS ARE TO BE BELIEVED -- ALSO TO THEIRS.  
UNGER

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SALES, COMMERCIAL AIRCRAFT  
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**Copy:** SINGLE  
**Draft Date:** 31 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**TAGS:** EAIR, ETRD, TW, US, MCDONNELL DOUGLAS, AIRBUS INDUSTRIE  
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